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## Pakistan

### Grain and Feed

## Pakistan to Import 1 Million Tons of Wheat 2007

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**Report Highlights:**

Pakistan's Prime Minister announced that the government would be importing one million tons of wheat due to tight domestic wheat supplies and high flour prices. Pakistan normally purchases soft white wheat and will be looking for December delivery.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Islamabad [PK1]  
[PK]

On September 15, 2007, Prime Minister Shaukat Aziz announced that the Government of Pakistan (GOP) would import one million tons of wheat. This action is in response to high prices and tight domestic supplies of wheat and wheat flour. The Prime Minister stated this action was necessary to "maintain a reasonable buffer stock for the future."

The GOP continues to claim a bumper wheat crop this year of 23.5 million tons. Most private analysts believe this estimate to be at least one million tons higher than actual production. (Post estimate remains at 21.8 million tons.) Domestic consumption is estimated at 22 million tons.

In April 2007, the GOP lifted the ban on wheat exports that was imposed in 2003 following a crop downturn. On May 25, 2007, the GOP reinstated the ban on wheat exports by land and sea. Exports had the desired effect of raising farm prices but also resulted in high food inflation throughout the summer months and into Ramadan.

Prior to the new ban, Pakistan legally exported 500,000 MT of wheat in April-May. In addition, it is estimated that about one million tons of wheat has been illegally smuggled into India and Iran due to the favorable price differential, resulting in huge profit margins. Legal wheat flour exports to Afghanistan continue with a 15 percent export tax, with illegal smuggling as well.

The export price for Pakistani wheat during the April-May period was approximately \$225-232 per ton. Pakistan is now looking at an import price of \$380-400 per ton for December delivery. Pakistan normally purchases soft white wheat. Sources of supply could include the United States, Australia and Russia.

Export modalities for the upcoming international tender are currently being worked out by the Ministry of Food, Agriculture and Livestock. It is expected that imports will be handled through the Trading Corporation of Pakistan.